

EXHIBIT A

**to Declaration of Kristi Mogel in Support of
Opposition to Plaintiffs' Motion for Class Certification**



POLO RETAIL CORPORATION
SALES ASSOCIATE COMPENSATION

SALES ASSOCIATE HANDBOOK

APRIL 2002



CONFIDENTIAL

POLO 000716

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INTRODUCTION

The sales associate compensation plan is designed to reward our employees as they continue to meet and exceed their individual sales goals. As employees continue to succeed, the plan provides rewards in the form of greater commission opportunities. The goal of this plan is to ensure that individual goals are aligned with those of the overall division and that as a team we can work toward reaching new heights of success.

ELIGIBILITY

All Sales Associates, Senior Sales Associates and Executive Sales Associates (full-time, part-time, and/or temporary) in store groups one (1) through three (3) will participate in this plan.

COMPONENTS OF THE PLAN

BASE RATE AGAINST COMMISSION

Base rate against commission is a pay structure where the commission pay is the difference between the base rate of pay and the total net commission earnings over a two week pay period. If net commission earnings fall below the base rate of pay, the sales associate will still receive their base rate of pay without payback.

Base rates (either hourly or salaried) and commission percentages vary based upon an associate's store group, title, and individual sales history.

All Sales Associates earn a base hourly rate against commission. All Senior Sales Associates and Executive Sales Associates earn a base salary rate against commission.

STORE GROUPS

Stores are divided into groups based upon store volume, square footage, seasonality and number of employees. These groups are evaluated annually by senior management and may be adjusted as business conditions dictate.

Children's sales associates in Ala Moana, Beverly Hills, Chicago, Manhasset and Short Hills may be compensated according to the Group 1 schedule.

TIERED SALES PLAN STRUCTURE

The tiered sales plan structure is designed to reward associates in the form of greater commission opportunities as they exceed their individual sales level goals. When an associate achieves an annual sales volume that exceeds their sales compensation tier, they are eligible to be compensated at a higher commission percentage and/or base rate.

NEW HIRES

General Managers will determine a new sales associate's sales compensation tier working with their District Manager and/or Human Resources.

Any new sales associate whose base rate is set at less than \$12.00 an hour is entitled to a new hire training base rate of \$12.00 an hour against commission for the first 30 days of employment.

POLO RETAIL CORPORATION PAY SCHEDULE FOR ALL SALES ASSOCIATES			
Tier	Group 1	Group 2	Group 3
	Aspen, Bal Harbour, Boca Raton, East Hampton, La Jolla, Minneapolis, Naples, Palm Beach, Phoenix, South Hampton	Ala Moana, Atlanta, Beverly Hills, Chicago, Dallas, Denver, Georgetown, Houston, Las Vegas, 888 Madison Avenue, Manhattan, Newbury Street, Palo Alto, Philadelphia, San Francisco, Short Hills, Soho	887 Madison Avenue
1	Base Rate Against 8.5% Commission	\$0 - \$399,999	
2	Base Rate Against 9% Commission	\$0 - \$199,999	\$0 - \$749,999
3	Base Rate Against 9.5% Commission (Senior Sales Associate in Groups 2 & 3)	\$200,000 - \$499,999	\$750,000 - \$999,999
4	Base Rate Against 10% Commission (Senior Sales Associate)	\$500,000 - \$999,999	\$1,000,000 - \$1,499,999
5	Base Rate Against 10.5% Commission (Executive Sales Associate)	\$1,000,000 - \$1,999,999	\$1,500,000 - \$1,999,999
6	Base Rate Against 11% Commission (Executive Sales Associate)	\$2,000,000+	\$2,000,000+

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PLAN ADMINISTRATION

PAYROLL CALENDAR

All sales associates are paid every other Friday, consistent with the company's official payroll calendar. This paycheck will include their base rate (hourly or salaried) and any net commissions earnings based upon net sales during the prior two week pay period.

Special Purchase deductions will be made from each paycheck during agreed upon time frames.

TIME CLOCK PROCEDURES

All in-store employees are required to use a time clock. There are no exceptions. Failure to consistently use the time clock will be considered a violation of Company policy and may result in disciplinary action.

OVERTIME

Hours worked for full-time associates may be adjusted below or above a 40-hour workweek at the General Manager's discretion based on the needs of the business. For any additional hours worked, sales productivity per hour must be maintained.

Sales Associates, Senior Sales Associates, and Executive Sales Associates are not eligible to receive a premium overtime compensation rate. However, a sales commission reconciliation will be performed at the close of each fiscal year to ensure that each associate is compliant with Federal Labor guidelines stipulating that the majority of their pay must be in the form of Commission. If an associate is found to be overtime eligible at that time, then the appropriate amount of overtime compensation will be paid to that associate.

VACATION, SICK/PERSONAL, AND HOLIDAY PAY

All sales associates will receive vacation, sick/personal and holiday pay based upon their base pay rate. This pay will be included in their total base pay calculation, which is held against commission.

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SALES REPORTS

In order to ensure that your net sales amount is accurate, all commission eligible employees will be provided with a weekly summary report. This report will be available at the store each Tuesday and will include total sales and total returns for the prior week. Should an associate fail to receive a copy of this report, it is their responsibility to request it from their manager.

It is the associate's responsibility to review this report for accuracy and report any discrepancy to their manager. Please do not call the payroll department if you have questions concerning the accuracy of your sales report. If the issue cannot be resolved at the store, the General Manager will contact the appropriate corporate office.

Each employee has sixty days from the original date of the report to address any problems or issues. If you fail to report a problem within this time frame, the report will be deemed accurate and no adjustments will be made.

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COMPENSATORY REVIEWS

ANNUAL REVIEW

At the close of each fiscal year, every sales associate will receive an annual review which may have compensatory ramifications based upon their fiscal year sales. Although all associates will receive an annual review, an associate must have worked the entire fiscal year to qualify for a compensatory adjustment.

If an associate's fiscal year sales are below their compensation tier's sales threshold, their compensation rate will be adjusted downward to the applicable compensation rate at the beginning of the fiscal year.

The Company reserves the right to adjust an associate's compensation level based upon individual sales performance:

"IF YOU HIT IT, YOU GET IT" RULE

If a sales associate exceeds their compensation tier's sales threshold at any time during the fiscal year, their pay will be adjusted upward to the applicable compensation rate at the beginning of the next pay cycle.

SALES THRESHOLD VARIANCE

A sales threshold variance will be determined by senior management and can be changed or eliminated year to year. Sales associates can exercise a threshold variance and remain at their tier level if their annual sales fall below their prior year's sales tier. This exception does not apply to associates who missed advancing to a higher compensation tier. This exception cannot be applied in two consecutive years.

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COMMISSION POLICY

Commissions are only earned on the sale of merchandise net of any markdowns, promotions, discounts or returns.

Commissions are not earned on supplemental shipping, alterations and/or sales tax charges.

Sales to any employee or to an employee's family are not commission eligible except during corporate directed shopping events. All employee sales should be processed under the applicable House Employee Sales number.

Commissions are not earned on the sale of footwear. However, applicable shoe points may be awarded consistent with current shoe point policy from Ralph Lauren Footwear.

Selling outside of your primary department with your known client is encouraged; however, management reserves the right to station you in a specific area to meet business needs.

Additionally, the following rules apply:

SALES

- I. If Sales Associate A assists a walk-in customer or an existing client with new purchases, Sales Associate A receives commissions on product sold.
- II. If Sales Associate A assists Sales Associate B's client while Sales Associate B is either not working or unavailable, Sales Associate A receives commission on product sold.
- III. For charge card transactions, if the customer is in Store A and the product is in Store B, then the sales associate in Store A receives the commission.
- IV. Sales Associate A assists a customer and places product on hold. If the customer later returns and Sales Associate A is either unavailable or not working and Sales Associate B rings up the product, Sales Associate A receives commission on the merchandise placed on hold. If Sales Associate B assists the customer with additional purchases, Sales Associate B receives commission on the additional purchases. If the merchandise was not placed on hold, Sales Associate B receives commission on the product.
- V. If two customers arrive together and shop in the store with two different sales associates (either in the same or in different departments), each sales associate receives commission for the product they sold.
- VI. If a customer shops in one department with Sales Associate A and shops in another department with Sales Associate B, each respective sales associate receives commission for the product they sold.
- VII. Any sales processed through the Polo.Com website are not eligible for commission payment.

- VIII. Merchandise cannot be purchased from an outside store and then returned to PRC for the purpose of generating sales/commissions for a sales associate. Only merchandise purchased from PRC stock is eligible for commission payment.
- IX. Sales of decorative and/or creative props must follow established Creative Services procedures. All transactions must be rung through the POS system. An employee's standard commission rate will be used to determine commission.

RETURNS/EXCHANGES

Every attempt should be made to determine the original sales associate for all returns through the use of the actual receipt or the POS system database. A good faith principle should also be used if you are aware of the original sales associate; however, the original sales associate must consent and acknowledge the original transaction in cases of good faith. If the original sales associate cannot be determined, the appropriate House Account number should be credited.

Every attempt should be made to allow the original sales associate the opportunity to facilitate the return/exchange.

All returns must be approved and signed by a member of store management.

- I. If a customer purchases product from Sales Associate A and returns the product, the return is credited to Sales Associate A's number, regardless of the location of either the purchase or the return.
- II. All returns of damaged, defective, or mis-altered merchandise should be returned to the original sales associate's number regardless of responsibility.
- III. If a customer purchases product from both Sales Associate A and Sales Associate B, all returns of the product are credited to the applicable sales associate number.
- IV. If a customer purchases product from Sales Associate A and returns the product to Sales Associate B, the return is credited to Sales Associate A's employee number.
- V. If a customer purchases product from Sales Associate A and Sales Associate A is unavailable or not working when the customer comes back, then Sales Associate B should assist the customer.
 - If the product is exchanged for a like item, then the product should be returned and re-sold under Sales Associate A's number. For example, a medium blue knit shirt is exchanged for a large red knit shirt.
 - If the product is returned, then the product should be returned under Sales Associate A's number.

In either case, if the customer selects additional merchandise or a different style of product, then those items are considered new purchases and Sales Associate B should receive commission for all new purchases.

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VI. If the original sales associate is unknown, then the following principles apply:

- If the product is exchanged for a like item, then the product should be returned and re-sold under the appropriate house number.
- If the product is returned, then the product should be returned under the appropriate house number.

In either case, if the customer selects additional merchandise or a different style or product, then those items are considered new purchases and the sales associate should receive commission for all new purchases.

CONTACTS

If you have any questions regarding this compensation program, please feel free to contact your General Manager, District Manager, Michael Buntaine, or Jeanne Sterck or John Mezzo in Human Resources.

DISCLAIMER

Although Polo Retail Corporation intends to continue this plan in the form outlined in this handbook, the Company reserves the right to amend, revoke, suspend or terminate this plan at any time. In addition, neither this description, nor any other written or oral communication, nor your participation in the Polo Retail Corporation Sales Compensation Plan is intended to create a contractual relationship or guarantee of employment, either express or implied. Notwithstanding anything contained in this document, your employment relationship with the Company continues to be "at will," which means that your employment with the Company may be terminated by either you or the Company at any time, with or without cause, and with or without notice.

EXHIBIT B

**to Declaration of Kristi Mogel in Support of
Opposition to Plaintiffs' Motion for Class Certification**



POLO RETAIL CORPORATION
SALES ASSOCIATE COMPENSATION

SALES ASSOCIATE HANDBOOK

APRIL 2004



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POLO 000728

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POLO 000729

INTRODUCTION

The sales associate compensation plan is designed to reward our employees as they continue to meet and exceed their individual sales goals. As employees continue to succeed, the plan provides rewards in the form of greater commission opportunities. The goal of this plan is to ensure that individual goals are aligned with those of the overall division and that as a team we can work toward reaching new heights of success.

ELIGIBILITY

All Sales Associates and Senior Sales Associates in store groups one (1) through three (3) will participate in this plan.

SERVICE STRATEGY

Our Sales Associates are Ralph Lauren's leading edge to our customers around the world, delivering the highest level of customer service and ensuring that all of our customers are welcome in our stores.

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COMPONENTS OF THE PLAN

BASE RATE AGAINST COMMISSION

Base rate against commission is a pay structure where the commission pay is the difference between the base rate of pay and the total net commission earnings over a two week pay period. Base rates (either hourly or salaried) and commission percentages vary based upon an associate's store group, title, and individual sales history.

All Sales Associates earn a base hourly rate against commission. All Senior Sales Associates earn a base salary rate against commission.

STORE GROUPS

Stores are divided into groups based upon store volume and seasonality. These groups are evaluated annually by senior management and may be adjusted as business conditions dictate.

Children's sales associates in Ala Moana, Beverly Hills, Chicago, Manhasset and Short Hills will be compensated according to the Group 1 schedule.

TIERED SALES PLAN STRUCTURE

The tiered sales plan structure is designed to reward associates in the form of greater commission opportunities as they exceed their individual sales level goals. When an associate achieves an annual sales volume that exceeds their sales compensation tier, they are eligible to be compensated at a higher commission percentage and/or base rate.

NEW HIRES

General Managers will determine a new sales associate's sales compensation tier working with their District Manager and/or Human Resources.

Generally, New Hires will begin at the entry rate of the plan, which varies if hired as a Part Time or Full Time associate.

For the first two pay periods of employment, newly hired sales associates will receive a training base rate of \$12.00 an hour against commission. After the first two pay periods, sales associates will receive the hourly base rate relative to their group and tier assignment. Two separate PAFS will need to be submitted. The first reflecting the training base rate the sales associate is to receive. The second reflecting the hourly base rate the associate receives relative to their group and tier. The commission rate needs to be included on both PAFS. We encourage managers to submit the second PAF form after the first pay period to ensure timely processing and accurate payment.

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SALES ASSOCIATE COMPENSATION HANDBOOK

POLO 000731

PERFORMANCE IMPROVEMENT COACHING

Sales associate performance is imperative to the success of our company. We expect only the best from our associates, not only in the selling of our product and delivering great customer service, but also in contributing to the overall success of the store. This may include assisting in such areas as: product merchandising, stock, inventory, markdowns, and the opening and closing of the store. All associates will be held to the same standards and will be evaluated as such.

PROGRAM

Sales associates are expected to sell enough to cover their base salary on a consistent basis each pay period. Sales Associates will be evaluated at the end of each quarter. Quarterly reviews will be based on the start and end dates of each quarter and the payroll periods that coincide with the quarterly end dates. *Please note, for the purposes of evaluation, if a pay period is split between two quarters, that pay period will count towards the prior quarter.* In each quarter you can miss no more than two pay periods prior to receiving a warning (*Missing a pay period means that your sales volume does not cover your base salary*). If in the following quarter you again miss more than 2 pay periods you will drop a tier or face termination (*termination occurs if you are at the entry level commission rate*). To be subject to disciplinary action, sales associates must under perform for two successive quarters. This applies in perpetuity, thus should you receive a warning in the fourth quarter, you will enter the first quarter of the new fiscal year on warning, and be subject to the rules of the plan.

All associates will have a monthly *one on one meeting* with their manager to discuss performance and goals. The manager is there to help ensure that the associate is given the tools to be successful.

Sales Associates on a legitimate approved leave will be excluded from the performance management evaluation during their weeks out. Sales Associates who take vacation, sick/personal, or holiday time are expected to meet the requirements of the program. We allow for sales associates to miss two pay periods (or 4 weeks) each quarter to accommodate such situations as, time off.

ONE ON ONE PROGRAM

Each month managers will be required to have a meeting with each sales associate to discuss and review performance, as well as, assign goals and objectives for the next month. The one on one form will contain each sales associate's specific measurable goals for the prior month, in addition to other sales and pro-activity goals assigned as needed by the manager. In the case where performance is not up to par, the manager is responsible for coaching the associate, to assist in ensuring future success. Both the manager and associate are required to sign off on the form, and its content, at the conclusion of each monthly meeting. These documents will be kept on file.

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NEW HIRES

During the first two payroll periods of your employment, associates *will not* be held against the performance improvement coaching plan. Additionally, associates are entitled to receive a \$12-per hour training wage mentioned above.

HOURLY STORES

For sales associates that are on a base plus commission plan, (Copley, Dallas West Village, Burlingame, Costa Mesa, South Beach) a sales goal will be set for each sales associate. This goal will be a percentage increase to last year's sales volume result. (If the sales associate did not work for the full prior fiscal year, the goal will be based on a trended sales result). If these goals are not being met, sales associates can be dropped a tier or be terminated following two successive quarters of substandard performance (*termination occurs if sales associate is at the entry level commission rate*).

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PLAN ADMINISTRATION

PAYROLL CALENDAR

All sales associates are paid every other Friday, consistent with the company's official payroll calendar. This paycheck will include their base rate (hourly or salaried) and any net commissions earnings based upon net sales during the prior two week pay period.

Fall and Spring Special Purchase Deductions will be made to an employee's check at designated times during the year with the employee's consent.

TIME CLOCK PROCEDURES

All in-store employees are required to clock in and clock out each the time they enter and leave the store via the POS system. This includes any and all breaks taken during regular working hours. There are no exceptions. If you forget to do this, please see your manager in order to avoid any payroll discrepancies.

OVERTIME

Hours worked for full-time associates may be adjusted below or above a 40-hour workweek at the General Manager's discretion based on the needs of the business. For any additional hours worked, sales productivity per hour must be maintained.

Sales Associates and Senior Sales Associates are not eligible to receive a premium overtime compensation rate. However, a sales commission reconciliation will be performed at the close of each fiscal year to ensure that each associate is compliant with Federal Labor guidelines stipulating that the majority of their pay must be in the form of commission. If an associate is found to be overtime eligible at that time, then the appropriate amount of overtime compensation will be paid to that associate.

VACATION, SICK/PERSONAL, AND HOLIDAY PAY

All sales associates will receive vacation, sick/personal and holiday pay based upon their base pay rate. This pay will be included in their total base pay calculation, which is held against commission.

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SALES REPORTS

In order to ensure that your net sales amount is accurate, all commission eligible employees will be provided with a weekly summary report. This report will be available at the store each Tuesday and will include total sales and total returns for the prior week. Should an associate fail to receive a copy of this report, it is their responsibility to request it from their manager.

It is the associate's responsibility to review this report for accuracy and report any discrepancy to their manager. Please do not call the payroll department if you have questions concerning the accuracy of your sales report. If the issue cannot be resolved at the store, the General Manager will contact the appropriate corporate office.

Each employee has sixty days from the original date of the report to address any problems or issues. If you fail to report a problem within this time frame, the report will be deemed accurate and no adjustments will be made.

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COMPENSATORY REVIEWS

ANNUAL REVIEW

At the close of each fiscal year, every sales associate will receive an annual review which may have compensatory ramifications based upon their fiscal year sales. Any sales associate hired after the 1st Quarter of the fiscal year will receive a compensatory review after he/she has completed 9 full months of selling. An annual sales trend will be established by dividing their cumulative 9-month's sales by 9 and multiplying the result by 12. If an associate's annual sales trend is above or below their compensation tier's sales threshold, their compensation rate will be adjusted accordingly effective the next pay cycle.

If an associate's fiscal year sales are below their compensation tier's sales threshold, their compensation rate will be adjusted downward to the applicable compensation rate at the beginning of the fiscal year.

The Company reserves the right to adjust an associate's compensation level based upon individual sales performance.

"IF YOU HIT IT, YOU GET IT" RULE

If a sales associate exceeds their compensation tier's sales threshold at any time during the fiscal year, their pay will be adjusted upward to the applicable compensation rate at the beginning of the next pay cycle.

SALES THRESHOLD VARIANCE

A sales threshold variance will be determined by senior management and can be changed or eliminated year to year. Sales associates can exercise a threshold variance and remain at their tier level if their annual sales fall below their prior year's sales tier. This exception does not apply to associates who missed advancing to a higher compensation tier. This exception cannot be applied in two consecutive years.

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COMMISSION POLICY

Commissions are only earned on the sale of merchandise net of any markdowns, promotions, discounts or returns.

Commissions are not earned on supplemental shipping, alterations and/or sales tax charges.

Sales to any employee or to an employee's family are not commission eligible except during corporate directed shopping events. All employee sales should be processed under the applicable House Employee Sales number.

Sales to any customer via Polo.Com (please see your manager for specific rules), are commission eligible via the "Never Walk A Sale Program".

Selling outside of your primary department with your known client is expected; however, management reserves the right to station you in a specific area to meet business needs.

Additionally, the following rules apply:

SALES

- I. If Sales Associate A assists a walk-in customer or an existing client with new purchases, Sales Associate A receives commissions on product sold.
- II. If Sales Associate A assists Sales Associate B's client while Sales Associate B is either not working or unavailable, Sales Associate A receives commission on product sold.
- III. For charge card transactions, if the customer is in Store A and the product is in Store B, then the sales associate in Store A receives the commission.
- IV. Sales Associate A assists a customer and places product on hold. If the customer later returns and Sales Associate A is either unavailable or not working and Sales Associate B rings up the product, Sales Associate A receives commission on the merchandise placed on hold. If Sales Associate B assists the customer with additional purchases, Sales Associate B receives commission on the additional purchases. If the merchandise was not placed on hold, Sales Associate B receives commission on the product.
- V. If two customers arrive together and shop in the store with two different sales associates (either in the same or in different departments), each sales associate receives commission for the product they sold.
- VI. If a customer shops in one department with Sales Associate A and shops in another department with Sales Associate B, each respective sales associate receives commission for the product they sold.
- VII. Merchandise cannot be purchased from an outside store and then returned to PRC for the purpose of generating sales/commissions for a sales associate. Only merchandise purchased from PRC stock is eligible for commission payment.
- VIII. Sales of decorative and/or creative props must follow established Creative Services procedures. All transactions must be rung through the POS system. An employee's standard commission rate will be used to determine commission.

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RETURNS/EXCHANGES

All Ralph Lauren merchandise can be returned at any PRL store, regardless of where it was purchased. If it has a Polo Ralph Lauren or Ralph Lauren tag, the product is returnable.

Every attempt should be made to determine the original sales associate for all returns through the use of the actual receipt or the POS system database. A good faith principle should also be used if you are aware of the original sales associate; however, the original sales associate must consent and acknowledge the original transaction in cases of good faith. If the original sales associate cannot be determined, the appropriate House Account number should be credited.

Every attempt should be made to allow the original sales associate the opportunity to facilitate the return/exchange.

All returns must be approved and signed by a member of store management.

- I. If a customer purchases product from Sales Associate A and returns the product, the return is credited to Sales Associate A's number, regardless of the location of either the purchase or the return.
- II. All returns of damaged, defective, or mis-altered merchandise should be returned to the original sales associate's number regardless of responsibility.
- III. If a customer purchases product from both Sales Associate A and Sales Associate B, all returns of the product are credited to the applicable sales associate number.
- IV. If a customer purchases product from Sales Associate A and returns the product to Sales Associate B, the return is credited to Sales Associate A's employee number.
- V. If a customer purchases product from Sales Associate A and Sales Associate A is unavailable or not working when the customer comes back, then Sales Associate B should assist the customer.
 - If the product is exchanged for a like item, then the product should be returned and re-sold under Sales Associate A's number. For example, a medium blue knit shirt is exchanged for a large red knit shirt.
 - If the product is returned, then the product should be returned under Sales Associate A's number.

In either case, if the customer selects additional merchandise or a different style of product, then those items are considered new purchases and Sales Associate B should receive commission for all new purchases.
- VI. If the original sales associate is unknown, then the following principles apply:
 - If the product is exchanged for a like item, then the product should be returned and re-sold under the appropriate house number.
 - If the product is returned, then the product should be returned under the appropriate house number.

In either case, if the customer selects additional merchandise or a different style of product, then those items are considered new purchases and the sales associate should receive commission for all new purchases.
- VII. If the product is returned from a department store, Polo.Com or any of our factory stores every attempt should be made to identify the product and return it under the appropriate House Return designation.

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CONTACTS

If you have any questions regarding this compensation program, please feel free to contact your General Manager, District Manager, Evan Cohen in Store Operations, or Lara Moldawsky or John Mezzo in Human Resources.

DISCLAIMER

Although Polo Retail Corporation intends to continue this plan in the form outlined in this handbook, the Company reserves the right to amend, revoke, suspend or terminate this plan at any time. In addition, neither this description, nor any other written or oral communication, nor your participation in the Polo Retail Corporation Sales Compensation Plan is intended to create a contractual relationship or guarantee of employment, either express or implied. Notwithstanding anything contained in this document, your employment relationship with the Company continues to be "at will," which means that your employment with the Company may be terminated by either you or the Company at any time, with or without cause, and with or without notice.

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EXHIBIT C

**to Declaration of Kristi Mogel in Support of
Opposition to Plaintiffs' Motion for Class Certification**



POLO RETAIL CORPORATION
SALES ASSOCIATE COMPENSATION



SALES ASSOCIATE HANDBOOK

JULY 2005

CONFIDENTIAL

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POLO 000740

INTRODUCTION

The sales associate compensation plan is designed to reward our employees as they continue to meet and exceed their individual sales goals. As employees continue to succeed, the plan provides rewards in the form of greater commission opportunities. The goal of this plan is to ensure that individual goals are aligned with those of the overall division and that as a team we can work toward reaching new heights of success.

ELIGIBILITY

All Sales Associates and Senior Sales Associates in store groups one (1) through three (3) will participate in this plan.

SERVICE STRATEGY

Our Sales Associates are Ralph Lauren's leading edge to our customers around the world, delivering the highest level of customer service and ensuring that all of our customers are welcome in our stores.

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POLO 000741

COMPONENTS OF THE PLAN

BASE RATE AGAINST COMMISSION

Base rate against commission is a pay structure where the commission pay is the difference between the base rate of pay and the total net commission earnings over a two week pay period. Base rates (either hourly or salaried) and commission percentages vary based upon an associate's store group, title, and individual sales history.

All Sales Associates earn a base hourly rate against commission. All Senior Sales Associates earn a base salary rate against commission.

STORE GROUPS

Stores are divided into groups based upon store volume and seasonality. These groups are evaluated annually by senior management and may be adjusted as business conditions dictate.

Children's sales associates in Ala Moana, Beverly Hills, Chicago, Manhasset and Short Hills will be compensated according to the Group 1 schedule.

TIERED SALES PLAN STRUCTURE

The tiered sales plan structure is designed to reward associates in the form of greater commission opportunities as they exceed their individual sales level goals. When an associate achieves an annual sales volume that exceeds their sales compensation tier, they are eligible to be compensated at a higher commission percentage and/or base rate.

NEW HIRES

General Managers will determine a new sales associate's sales compensation tier working with their District Manager and/or Human Resources.

Generally, New Hires will begin at the entry rate of the plan, which varies if hired as a Part Time or Full Time associate.

TRAINING RATE FOR NEW HIRES

(Addition made July 2005)

Apparel Associates

For the first six pay periods (or 90 days) of employment, associates that sell apparel will receive a training base rate of \$12.00 an hour against commission. After the training period, sales associates will receive the hourly base rate relative to their group and tier assignment.

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POLO 000742

Home Associates

For the first twelve pay periods (or 180 days) of employment, associates that are part of the Home Department will receive a training base rate of \$12.00 an hour against commission. After the training period, sales associates will receive the hourly base rate relative to their group and tier assignment.

In both scenarios, two separate PAFs will need to be submitted upon hire. The first reflecting the training base rate the sales associate is to receive. The second reflecting the hourly base rate the associate receives (at the appropriate effective date) relative to their group and tier. *The commission rate needs to be included on both PAFs. Managers should submit the second PAF, along with all new hire paperwork, ensuring the correct effective date of the pay-rate change (the first day of the pay period when the rate change takes place).*

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POLO 000743

PERFORMANCE IMPROVEMENT COACHING

Sales associate performance is imperative to the success of our company. We expect only the best from our associates, not only in the selling of our product and delivering great customer service, but also in contributing to the overall success of the store. This may include assisting in such areas as: product merchandising, stock, inventory, markdowns, and the opening and closing of the store. All associates will be held to the same standards and will be evaluated as such.

PROGRAM

Sales associates are expected to sell enough to cover their base salary on a consistent basis each pay period. Sales Associates will be evaluated at the end of each quarter. Quarterly reviews will be based on the start and end dates of each quarter and the payroll periods that coincide with the quarterly end dates. *Please note, for the purposes of evaluation, if a pay period is split between two quarters, that pay period will count towards the prior quarter.* In each quarter you can miss no more than two pay periods prior to receiving a warning (*Missing a pay period means that your sales volume does not cover your base salary*). If in the following quarter you again miss more than 2 pay periods you will drop a tier or face termination (*termination occurs if you are at the entry level commission rate*). To be subject to disciplinary action, sales associates must under perform for two successive quarters. This applies in perpetuity, thus should you receive a warning in the fourth quarter, you will enter the first quarter of the new fiscal year on warning, and be subject to the rules of the plan.

All associates will have a monthly *one on one* meeting with their manager to discuss performance and goals. The manager is there to help ensure that the associate is given the tools to be successful.

Sales Associates on a legitimate approved leave will be excluded from the performance management evaluation during their weeks out. Sales Associates who take vacation, sick/personal, or holiday time are expected to meet the requirements of the program. We allow for sales associates to miss two pay periods (or 4 weeks) each quarter to accommodate such situations as, time off.

ONE ON ONE PROGRAM

Each month managers will be required to have a meeting with each sales associate to discuss and review performance, as well as, assign goals and objectives for the next month. The one-on-one form will contain each sales associate's specific measurable goals for the prior month, in addition to other sales and pro-activity goals assigned as needed by the manager. In the case where performance is not up to par, the manager is responsible for coaching the associate, to assist in ensuring future success. Both the manager and associate are required to sign off on the form, and its content, at the conclusion of each monthly meeting. These documents will be kept on file.

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POLO 000744

NEW HIRES

During the assigned training period of your employment, associates *will not* be held against the rules of the performance improvement coaching plan. However, your overall performance during this period will still be evaluated by your manager. Additionally, associates are entitled to receive a \$12 per hour training wage mentioned above.

HOURLY STORES

For sales associates that are on a base plus commission plan; (Copley, Dallas West Village, Burlingame, South Beach) a sales goal will be set for each sales associate. This goal will be a percentage increase to last year's sales volume result. (If the sales associate did not work for the full prior fiscal year, the goal will be based on a trended sales result). If these goals are not being met, sales associates can be dropped a tier or be terminated following two successive quarters of substandard performance (*termination occurs if sales associate is at the entry level commission rate*).

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POLO 000745

PLAN ADMINISTRATION

PAYROLL CALENDAR

All sales associates are paid every other Friday, consistent with the company's official payroll calendar. This paycheck will include their base rate (hourly or salaried) and any net commissions earnings based upon net sales during the prior two week pay period.

Fall and Spring Special Purchase Deductions will be made to an employees check at designated times during the year with the employees consent

TIME-CLOCK PROCEDURES

All in-store employees are required to clock in and clock out each the time they enter and leave the store via the POS system. This includes any and all breaks taken during regular working hours. There are no exceptions. If you forget to do this, please see your manager in order to avoid any payroll discrepancies.

OVERTIME

Hours worked for full-time associates may be adjusted below or above a 40-hour workweek at the General Manager's discretion based on the needs of the business. For any additional hours worked, sales productivity per hour must be maintained.

Sales Associates and Senior Sales Associates are not eligible to receive a premium overtime compensation rate. However, a sales commission reconciliation will be performed at the close of each fiscal year to ensure that each associate is compliant with Federal Labor guidelines stipulating that the majority of their pay must be in the form of commission. If an associate is found to be overtime eligible at that time, then the appropriate amount of overtime compensation will be paid to that associate.

VACATION, SICK/PERSONAL, AND HOLIDAY PAY

All sales associates will receive vacation, sick/personal and holiday pay based upon their base pay rate. This pay will be included in their total base pay calculation, which is held against commission.

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POLO 000746

SALES REPORTS

In order to ensure that your net sales amount is accurate, all commission eligible employees will be provided with a weekly summary report. This report will be available at the store each Tuesday and will include total sales and total returns for the prior week. Should an associate fail to receive a copy of this report, it is their responsibility to request it from their manager.

It is the associate's responsibility to review this report for accuracy and report any discrepancy to their manager. Please do not call the payroll department if you have questions concerning the accuracy of your sales report. If the issue cannot be resolved at the store, the General Manager will contact the appropriate corporate office.

Each employee has sixty days from the original date of the report to address any problems or issues. If you fail to report a problem within this time frame, the report will be deemed accurate and no adjustments will be made.

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POLO 000747

COMPENSATORY REVIEWS

ANNUAL REVIEW

At the close of each fiscal year, every sales associate will receive an annual review which may have compensatory ramifications based upon their fiscal year sales. Any sales associate hired after the 1st Quarter of the fiscal year will receive a compensatory review after he/she has completed 9 full months of selling. An annual sales trend will be established by dividing their cumulative 9-month's sales by 9 and multiplying the result by 12. If an associate's annual sales trend is above or below their compensation tier's sales threshold, their compensation rate will be adjusted accordingly effective the next pay cycle.

If an associate's fiscal year sales are below their compensation tier's sales threshold, their compensation rate will be adjusted downward to the applicable compensation rate at the beginning of the fiscal year.

The Company reserves the right to adjust an associate's compensation level based upon individual sales performance.

"IF YOU HIT IT, YOU GET IT" RULE

If a sales associate exceeds their compensation tier's sales threshold at any time during the fiscal year, their pay will be adjusted upward to the applicable compensation rate at the beginning of the next pay cycle.

SALES THRESHOLD VARIANCE

A sales threshold variance will be determined by senior management and can be changed or eliminated year to year. Sales associates can exercise a threshold variance and remain at their tier level if their annual sales fall below their prior year's sales tier. This exception does not apply to associates who missed advancing to a higher compensation tier. This exception cannot be applied in two consecutive years.

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POLO 000748

COMMISSION POLICY

Commissions are only earned on the sale of merchandise net of any markdowns, promotions, discounts or returns.

Commissions are not earned on supplemental shipping, alterations and/or sales tax charges.

Sales to any employee or to an employee's family are not commission-eligible except during corporate directed shopping events. All employee sales should be processed under the applicable House Employee Sales number.

Sales to any customer via Polo.Com (please see your manager for specific rules), are commission eligible via the "Never Walk A Sale Program".

Selling outside of your primary department with your known client is expected; however, management reserves the right to station you in a specific area to meet business needs.

Additionally, the following rules apply:

SALES

- I. If Sales Associate A assists a walk-in customer or an existing client with new purchases, Sales Associate A receives commissions on product sold.
- II. If Sales Associate A assists Sales Associate B's client while Sales Associate B is either not working or unavailable, Sales Associate A receives commission on product sold.
- III. For charge send transactions, if the customer is in Store A and the product is in Store B, then the sales associate in Store A receives the commission.
- IV. Sales Associate A assists a customer and places product on hold. If the customer later returns and Sales Associate A is either unavailable or not working and Sales Associate B rings up the product, Sales Associate A receives commission on the merchandise placed on hold. If Sales Associate B assists the customer with additional purchases, Sales Associate B receives commission on the additional purchases. If the merchandise was not placed on hold, Sales Associate B receives commission on the product.
- V. If two customers arrive together and shop in the store with two different sales associates (either in the same or in different departments), each sales associate receives commission for the product they sold.
- VI. If a customer shops in one department with Sales Associate A and shops in another department with Sales Associate B, each respective sales associate receives commission for the product they sold.
- VII. Merchandise cannot be purchased from an outside store and then returned to PRC for the purpose of generating sales/commissions for a sales associate. Only merchandise purchased from PRC stock is eligible for commission payment.
- VIII. Sales of decorative and/or creative props must follow established Creative Services procedures. All transactions must be rung through the POS system. An employee's standard commission rate will be used to determine commission.

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RETURNS/EXCHANGES

All Ralph Lauren merchandise can be returned at any PRC store, regardless of where it was purchased. If it has a Polo Ralph Lauren or Ralph Lauren tag, the product is returnable.

Every attempt should be made to determine the original sales associate for all returns through the use of the actual receipt or the POS system database. A good faith principle should also be used if you are aware of the original sales associate; however, the original sales associate must consent and acknowledge the original transaction in cases of good faith. If the original sales associate cannot be determined, the appropriate House Account number should be credited.

Every attempt should be made to allow the original sales associate the opportunity to facilitate the return/exchange.

All returns must be approved and signed by a member of store management.

- I. If a customer purchases product from Sales Associate A and returns the product, the return is credited to Sales Associate A's number, regardless of the location of either the purchase or the return.
- II. All returns of damaged, defective, or mis-altered merchandise should be returned to the original sales associate's number regardless of responsibility.
- III. If a customer purchases product from both Sales Associate A and Sales Associate B, all returns of the product are credited to the applicable sales associate number.
- IV. If a customer purchases product from Sales Associate A and returns the product to Sales Associate B, the return is credited to Sales Associate A's employee number.
- V. If a customer purchases product from Sales Associate A and Sales Associate A is unavailable or not working when the customer comes back, then Sales Associate B should assist the customer.
 - If the product is exchanged for a like item, then the product should be returned and re-sold under Sales Associate A's number. For example, a medium blue knit shirt is exchanged for a large red knit shirt.
 - If the product is returned, then the product should be returned under Sales Associate A's number.

In either case, if the customer selects additional merchandise or a different style of product, then those items are considered new purchases and Sales Associate B should receive commission for all new purchases.
- VI. If the original sales associate is unknown, then the following principles apply:
 - If the product is exchanged for a like item, then the product should be returned and re-sold under the appropriate house number.
 - If the product is returned, then the product should be returned under the appropriate house number.

In either case, if the customer selects additional merchandise or a different style or product, then those items are considered new purchases and the sales associate should receive commission for all new purchases.
- VII. If the product is returned from a department store, Polo.Com or any of our factory stores every attempt should be made to identify the product and return it under the appropriate House Return designation.

CONTACTS

If you have any questions regarding this compensation program, please feel free to contact your General Manager, District Manager, Store Operations, or appropriate Human Resources Representative.

DISCLAIMER

Although Polo Retail Corporation intends to continue this plan in the form outlined in this handbook, the Company reserves the right to amend, revoke, suspend or terminate this plan at any time. In addition, neither this description, nor any other written or oral communication, nor your participation in the Polo Retail Corporation Sales Compensation Plan is intended to create a contractual relationship or guarantee of employment, either express or implied. Notwithstanding anything contained in this document, your employment relationship with the Company continues to be "at will," which means that your employment with the Company may be terminated by either you or the Company at any time, with or without cause, and with or without notice.

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POLO 000751

EXHIBIT D

**to Declaration of Kristi Mogel in Support of
Opposition to Plaintiffs' Motion for Class Certification**



POLO RETAIL CORPORATION

SALES ASSOCIATE COMPENSATION

SALES ASSOCIATE HANDBOOK

SEPTEMBER 2006



CONFIDENTIAL

POLO 000864

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INTRODUCTION

The sales associate compensation plan is designed to reward our employees as they continue to meet and exceed their individual sales goals. As employees continue to succeed, the plan provides rewards in the form of greater commission opportunities. The goal of this plan is to ensure that individual goals are aligned with those of the overall division and that as a team we can work toward reaching new heights of success.

ELIGIBILITY

All Sales Associates and Senior Sales Associates in store groups one (1) through three (3) will participate in this plan.

SERVICE STRATEGY

Our Sales Associates are Ralph Lauren's leading edge to our customers around the world, delivering the highest level of customer service and ensuring that all of our customers are welcome in our stores.

COMPONENTS OF THE PLAN

BASE RATE AGAINST COMMISSION

Base rate against commission is a pay structure where the commission pay is the difference between the base rate of pay and the total net commission earnings over a two week pay period. Base rates (either hourly or salaried) and commission percentages vary based upon an associate's store group, title, and individual sales history.

All Sales Associates earn a base hourly rate against commission. All Senior Sales Associates earn a base salary rate against commission.

STORE GROUPS

Stores are divided into groups based upon store volume and seasonality. These groups are evaluated annually by senior management and may be adjusted as business conditions dictate.

Children's sales associates in Ala Moana, Beverly Hills, Chicago, Manhasset and Short Hills will be compensated according to the Group I schedule.

TIERED SALES PLAN STRUCTURE

The tiered sales plan structure is designed to reward associates in the form of greater commission opportunities as they exceed their individual sales level goals. When an associate achieves an annual sales volume that exceeds their sales compensation tier, they are eligible to be compensated at a higher commission percentage and/or base rate.

NEW HIRES

General Managers will determine a new sales associate's sales compensation tier working with their District Manager and/or Human Resources.

Generally, New Hires will begin at the entry rate of the plan, which varies if hired as a Part Time or Full Time associate.

TRAINING RATE FOR NEW HIRES

(Addendum made July 2005)

Apparel Associates

For the first six pay periods (or 90 days) of employment, associates that sell apparel will receive a training base rate of \$12.00 an hour against commission. After the training period, sales associates will receive the hourly base rate relative to their group and tier assignment.

Home Associates

For the first twelve pay periods (or 180 days) of employment, associates that are part of the Home Department will receive a training base rate of \$12.00 an hour against commission. After the training period, sales associates will receive the hourly base rate relative to their group and tier assignment.

In both scenarios, two separate PAFs will need to be submitted upon hire. The first reflecting the training base rate the sales associate is to receive. The second reflecting the hourly base rate the associate receives (at the appropriate effective date) relative to their group and tier. *The commission rate needs to be included on both PAFs.* Managers should submit the second PAF, along with all new hire paperwork, ensuring the correct effective date of the pay rate change (*the first day of the pay period when the rate change takes place*).

PERFORMANCE IMPROVEMENT COACHING

Sales associate performance is imperative to the success of our company. We expect only the best from our associates, not only in the selling of our product and delivering great customer service, but also in contributing to the overall success of the store. This may include assisting in such areas as: product merchandising, stock, inventory, markdowns, and the opening and closing of the store. All associates will be held to the same standards and will be evaluated as such.

PROGRAM

Sales associates are expected to sell enough to cover their base salary on a consistent basis each pay period. Sales Associates will be evaluated at the end of each quarter. Quarterly reviews will be based on the start and end dates of each quarter and the payroll periods that coincide with the quarterly end dates. *Please note, for the purposes of evaluation, if a pay period is split between two quarters, that pay period will count towards the prior quarter.* In each quarter you can miss no more than two pay periods prior to receiving a warning (*Missing a pay period means that your sales volume does not cover your base salary*). If in the following quarter you again miss more than 2 pay periods you will drop a tier or face termination (*termination occurs if you are at the entry level commission rate*). To be subject to disciplinary action, sales associates must under perform for two successive quarters. This applies in perpetuity, thus should you receive a warning in the fourth quarter, you will enter the first quarter of the new fiscal year on warning, and be subject to the rules of the plan.

All associates will have a monthly *one on one meeting* with their manager to discuss performance and goals. The manager is there to help ensure that the associate is given the tools to be successful.

Sales Associates on a legitimate approved leave will be excluded from the performance management evaluation during their weeks out. Sales Associates who take vacation, sick/personal, or holiday time are expected to meet the requirements of the program. We allow for sales associates to miss two pay periods (or 4 weeks) each quarter to accommodate such situations as, time off.

ONE ON ONE PROGRAM

Each month managers will be required to have a meeting with each sales associate to discuss and review performance, as well as, assign goals and objectives for the next month. The one on one form will contain each sales associate's specific measurable goals for the prior month, in addition to other sales and pro-activity goals assigned as needed by the manager. In the case where performance is not up to par, the manager is responsible for coaching the associate, to assist in ensuring future success. Both the manager and associate are required to sign off on the form, and its content, at the conclusion of each monthly meeting. These documents will be kept on file.

NEW HIRES

During the assigned training period of your employment, associates *will not* be held against the rules of the performance improvement coaching plan. However, your overall performance during this period will still be evaluated by your manager. Additionally, associates are entitled to receive a \$12 per hour training wage mentioned above.

HOURLY STORES

For sales associates that are on a base plus commission plan, (Copley, Dallas West Village, Burlingame, South Beach) a sales goal will be set for each sales associate. This goal will be a percentage increase to last year's sales volume result. (If the sales associate did not work for the full prior fiscal year, the goal will be based on a trended sales result). If these goals are not being met, sales associates can be dropped a tier or be terminated following two successive quarters of substandard performance (*termination occurs if sales associate is at the entry level commission rate*).

PLAN ADMINISTRATION

PAYROLL CALENDAR

All sales associates are paid every other Friday, consistent with the company's official payroll calendar. This paycheck will include their base rate (hourly or salaried) and any net commissions earnings based upon net sales during the prior two week pay period.

Fall and Spring Special-Purchase Deductions will be made to an employees check at designated times during the year with the employees consent

TIME CLOCK PROCEDURES

All in-store employees are required to clock in and clock out each the time they enter and leave the store via the POS system. This includes any and all breaks taken during regular working hours. There are no exceptions. If you forget to do this, please see your manager in order to avoid any payroll discrepancies.

OVERTIME

Hours worked for full-time associates may be adjusted below or above a 40-hour workweek at the General Manager's discretion based on the needs of the business. For any additional hours worked, sales productivity per hour must be maintained.

Sales Associates and Senior Sales Associates are not eligible to receive a premium overtime compensation rate. However, a sales commission reconciliation will be performed at the close of each fiscal year to ensure that each associate is compliant with Federal Labor guidelines stipulating that the majority of their pay must be in the form of commission. If an associate is found to be overtime eligible at that time, then the appropriate amount of overtime compensation will be paid to that associate.

VACATION, SICK/PERSONAL, AND HOLIDAY PAY

All sales associates will receive vacation, sick/personal and holiday pay based upon their base pay rate. This pay will be included in their total base pay calculation, which is held against commission.

SALES REPORTS

In order to ensure that your net sales amount is accurate, all commission eligible employees will be provided with a weekly summary report. This report will be available at the store each Tuesday and will include total sales and total returns for the prior week. Should an associate fail to receive a copy of this report, it is their responsibility to request it from their manager.

It is the associate's responsibility to review this report for accuracy and report any discrepancy to their manager. Please do not call the payroll department if you have questions concerning the accuracy of your sales report. If the issue cannot be resolved at the store, the General Manager will contact the appropriate corporate office.

Each employee has sixty days from the original date of the report to address any problems or issues. If you fail to report a problem within this time frame, the report will be deemed accurate and no adjustments will be made.

COMPENSATORY REVIEWS

ANNUAL REVIEW

At the close of each fiscal year, every sales associate will receive an annual review which may have compensatory ramifications based upon their fiscal year sales. Any sales associate hired after the 1st Quarter of the fiscal year will receive a compensatory review after he/she has completed 9 full months of selling. An annual sales trend will be established by dividing their cumulative 9-month's sales by 9 and multiplying the result by 12. If an associate's annual sales trend is above or below their compensation tier's sales threshold, their compensation rate will be adjusted accordingly effective the next pay cycle.

If an associate's fiscal year sales are below their compensation tier's sales threshold, their compensation rate will be adjusted downward to the applicable compensation rate at the beginning of the fiscal year.

The Company reserves the right to adjust an associate's compensation level based upon individual sales performance.

"IF YOU HIT IT, YOU GET IT" RULE

If a sales associate exceeds their compensation tier's sales threshold at any time during the fiscal year, their pay will be adjusted upward to the applicable compensation rate at the beginning of the next pay cycle.

SALES THRESHOLD VARIANCE

A sales threshold variance will be determined by senior management and can be changed or eliminated year to year. Sales associates can exercise a threshold variance and remain at their tier level if their annual sales fall below their prior year's sales tier. This exception does not apply to associates who missed advancing to a higher compensation tier. This exception cannot be applied in two consecutive years.

COMMISSION POLICY

Commissions are only earned on the sale of merchandise net of any markdowns, promotions, discounts or returns.

Commissions are not earned on supplemental shipping, alterations and/or sales tax charges.

Sales to any employee or to an employee's family are not commission eligible except during corporate directed shopping events. All employee sales should be processed under the applicable House Employee Sales number.

Sales to any customer via Polo.Com (please see your manager for specific rules), are commission eligible via the "Never Walk A Sale Program".

Selling outside of your primary department with your known client is expected; however, management reserves the right to station you in a specific area to meet business needs.

Additionally, the following rules apply:

SALES

- I. If Sales Associate A assists a walk-in customer or an existing client with new purchases, Sales Associate A receives commissions on product sold.
- II. If Sales Associate A assists Sales Associate B's client while Sales Associate B is either not working or unavailable, Sales Associate A receives commission on product sold.
- III. For charge send transactions, if the customer is in Store A and the product is in Store B, then the sales associate in Store A receives the commission.
- IV. Sales Associate A assists a customer and places product on hold. If the customer later returns and Sales Associate A is either unavailable or not working and Sales Associate B rings up the product, Sales Associate A receives commission on the merchandise placed on hold. If Sales Associate B assists the customer with additional purchases, Sales Associate B receives commission on the additional purchases. If the merchandise was not placed on hold, Sales Associate B receives commission on the product.
- V. If two customers arrive together and shop in the store with two different sales associates (either in the same or in different departments), each sales associate receives commission for the product they sold.
- VI. If a customer shops in one department with Sales Associate A and shops in another department with Sales Associate B, each respective sales associate receives commission for the product they sold.
- VII. Merchandise cannot be purchased from an outside store and then returned to PRC for the purpose of generating sales/commissions for a sales associate. Only merchandise purchased from PRC stock is eligible for commission payment.
- VIII. Sales of decorative and/or creative props must follow established Creative Services procedures. All transactions must be rung through the POS system. An employee's standard commission rate will be used to determine commission.

RETURNS/EXCHANGES

All Ralph Lauren merchandise can be returned at any PRC store, regardless of where it was purchased. If it has a Polo Ralph Lauren or Ralph Lauren tag, the product is returnable.

Every attempt should be made to determine the original sales associate for all returns through the use of the actual receipt or the POS system database. A good faith principle should also be used if you are aware of the original sales associate; however, the original sales associate must consent and acknowledge the original transaction in cases of good faith. If the original sales associate cannot be determined, the appropriate House Account number should be credited.

Every attempt should be made to allow the original sales associate the opportunity to facilitate the return/exchange.

All returns must be approved and signed by a member of store management.

- I. If a customer purchases product from Sales Associate A and returns the product, the return is credited to Sales Associate A's number, regardless of the location of either the purchase or the return.
- II. All returns of damaged, defective, or mis-altered merchandise should be returned to the original sales associate's number regardless of responsibility.
- III. If a customer purchases product from both Sales Associate A and Sales Associate B, all returns of the product are credited to the applicable sales associate number.
- IV. If a customer purchases product from Sales Associate A and returns the product to Sales Associate B, the return is credited to Sales Associate A's employee number.
- V. If a customer purchases product from Sales Associate A and Sales Associate A is unavailable or not working when the customer comes back, then Sales Associate B should assist the customer.

- If the product is exchanged for a like item, then the product should be returned and re-sold under Sales Associate A's number. For example, a medium blue knit shirt is exchanged for a large red knit shirt.
- If the product is returned, then the product should be returned under Sales Associate A's number.

In either case, if the customer selects additional merchandise or a different style of product, then those items are considered new purchases and Sales Associate B should receive commission for all new purchases.

- VI. If the original sales associate is unknown, then the following principles apply:
 - If the product is exchanged for a like item, then the product should be returned and re-sold under the appropriate house number.
 - If the product is returned, then the product should be returned under the appropriate house number.

In either case, if the customer selects additional merchandise or a different style or product, then those items are considered new purchases and the sales associate should receive commission for all new purchases.

- VII. If the product is returned from a department store, Polo.Com or any of our factory stores every attempt should be made to identify the product and return it under the appropriate House Return designation.

UPON TERMINATION

Employees will be paid all commissions earned through their termination date. Additionally, employees may be able to receive partial commission on special orders that were placed by the employee prior to their termination date which are still pending delivery and/or full payment. Partial Commission will be paid in this scenario only upon full completion of the purchase.

The specific guidelines to determine what, if any commissions are to be paid on pending sales should be discussed with your Manager or HR Representative.

CONTACTS

If you have any questions regarding this compensation program, please feel free to contact your General Manager, District Manager, Store Operations, or appropriate Human Resources Representative.

DISCLAIMER

Although Polo Retail Corporation intends to continue this plan in the form outlined in this handbook, the Company reserves the right to amend, revoke, suspend or terminate this plan at any time. In addition, neither this description, nor any other written or oral communication, nor your participation in the Polo Retail Corporation Sales Compensation Plan is intended to create a contractual relationship or guarantee of employment, either express or implied. Notwithstanding anything contained in this document, your employment relationship with the Company continues to be "at will," which means that your employment with the Company may be terminated by either you or the Company at any time, with or without cause, and with or without notice.

EXHIBIT E

**to Declaration of Kristi Mogel in Support of
Opposition to Plaintiffs' Motion for Class Certification**

SPECIAL FY05 ADDENDUM

ARREARS

All sales associates hired after 4/18/04 will be subject to arrears beginning in the second quarter of FY05. During pay periods in which your earned commissions fail to cover your base salary, you will be subject to arrears.*

If you are in arrears you will be subject to pay back the amount that you owe. The amount you owe will be deducted via any earned commissions in subsequent pay periods, until the arrears amount is fully repaid. In the case of time off, you will not be subject to arrears unless a return is taken during this period. The commission you had originally earned on the sale will now be taken in arrears, and you will be required to pay it back in subsequent pay periods.

Retail Store Finance will be tracking and applying any arrears owed and will be making the proper deductions. Store Operations will provide reports to the stores of any arrears owed on a bi-weekly basis. Arrears will never be taken from an associate's base salary.

***Calculation of Arrears:**

Net Sales * Commission Rate - Base Salary = Commission Earned

If Commission Earned is less than Base Salary, the difference between these amounts is what you owe in arrears

VACATION, SICK/PERSONAL, AND HOLIDAY PAY

All sales associates will receive vacation, sick/personal and holiday pay based upon their base pay rate. This pay will be included in their total base pay calculation, which is held against commission. Inventory, personal/sick and vacation time, will not be counted in the arrears calculation. Additionally, if you are on any approved leave of absence (medical, FMLA, military or other), you will not be evaluated for performance management and your time off will not be held in arrears. However, sales support activities will be included in the calculation of your arrears. *Managers are responsible for coding the appropriate time off code into the POS system to ensure accuracy of selling hours vs. non-selling hours.*



STORE GROUP RECLASSIFICATIONS:

Beginning in FY05, the Newbury and Phoenix stores will be moved from Group 1 to Group 2. Current Sales Associates in these respective stores will remain in Comp Plan A and will maintain their current commission percentages throughout FY05. However, as a result of their group change, they will be required to meet the new sales volume hurdles of the new group. Additionally, at the end of FY05, if they fail to meet these volume requirements they will fall into the tier reflective of their sales volume.

HOME COLLECTION:

All New Hires in our Home Collection Departments, will be given *four pay periods*, in which they will not be subject to the rules of performance management, and will not be subject to arrears. During this period of training, they will be paid at the \$12 per hour training rate.

EXHIBIT F

**to Declaration of Kristi Mogel in Support of
Opposition to Plaintiffs' Motion for Class Certification**

FY2006 COMP PLAN B ADDENDUM

TRAINING PERIOD

All apparel sales associates should be given three months in order to train and acclimate themselves to our business. The training rate during this period should be \$12/hr (except for San Francisco) against the appropriate full time or part time commission rate. During this three month period associates will not be subject to arrears. After the three month period associates are to be moved onto the appropriate hourly rate structure.

For associates in Home Collection the training period will be six months, with the hourly rate again being \$12/hr (except for San Francisco) against the appropriate full time or part time commission rate. After which the associate is to be moved onto the appropriate hourly rate structure.

PERFORMANCE MANAGEMENT DURING THE TRAINING PERIOD

Associates during the designated training period must be held to goals as set by the manager. Should the employee not perform to the minimum goals set by the manager, the associate may face termination. For Home Associates, the total value of orders placed, in addition to product sold should be included in the total goal.

- Home Managers are responsible for keeping track of all orders placed during this period of time.

EXISTING ASSOCIATES

For those associates within their first three or six months (Home associates only) of working with the company, they are not to be moved onto this \$12/hr training rate. However, any outstanding arrears owed to the company will no longer be charged against the associate until they have completed the requisite training period.



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STORE GROUP RECLASSIFICATIONS:

Beginning in FY05, the Newbury and Phoenix stores will be moved from Group 1 to Group 2. Current Sales Associates in these respective stores will remain in Comp Plan A and will maintain their current commission percentages throughout FY05. However, as a result of their group change, they will be required to meet the new sales volume hurdles of the new group. Additionally, at the end of FY05, if they fail to meet these volume requirements they will fall into the tier reflective of their sales volume.

HOME COLLECTION:

All New Hires in our Home Collection Departments, will be given *four pay periods*, in which they will not be subject to the rules of performance management, and will not be subject to arrears. During this period of training, they will be paid at the \$12 per hour training rate.

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POLO 00433

EXHIBIT G

**to Declaration of Kristi Mogel in Support of
Opposition to Plaintiffs' Motion for Class Certification**

Comp. Amendment 07

FISCAL 2007 COMPENSATION UPDATE

STORE GROUPS

Coinciding with the start of Fiscal 2007, stores have been put into groups, based on volume expectations, trend, productivity and store type. These store groups, of which there are 5, will now define where your store is slotted in both the Comp Plan A and Comp Plan B structure. Additionally, these store groups will help us better assess and compare similar stores, in a variety of ways.

Due to this change several stores have changed there location on the comp structure, and as a result sales associates in those stores will have new goals in Fiscal 2007. Therefore, associates may keep their current compensation for one more year, and will be evaluated based on their new goals going into Fiscal 2008. Please refer to your stores specific compensation plan grid for more details.

ARREARS

Beginning, Sunday March 25th, our arrears program will be terminated. Any remaining arrears balance owed will be captured on the March 31st paycheck. Should an associate still have a balance following that paycheck, those amounts will not be taken from future paychecks. We will however continue with our Performance Management Program. To re-iterate that program (direct from the handbook):

Sales associates are expected to sell enough to cover their base salary on a consistent basis each pay period. Sales Associates will be evaluated at the end of each quarter. Quarterly reviews will be based on the start and end dates of each quarter and the payroll periods that coincide with the quarterly end dates. *Please note, for the purposes of evaluation, if a pay period is split between two quarters, that pay period will count towards the prior quarter.* In each quarter you can miss no more then two pay periods prior to receiving a warning (*Missing a pay period means that your sales volume does not cover your base salary*). If in the following quarter you again miss more than 2 pay periods you will drop a tier or face termination (*termination occurs if you are at the entry level commission rate*). To be subject to disciplinary action, sales associates must under perform for two successive quarters. This applies in perpetuity, thus should you receive a warning in the fourth quarter, you will enter the first quarter of the new fiscal year on warning, and be subject to the rules of the plan.

Sales Associates on a legitimate approved leave will be excluded from the performance management evaluation during their weeks out. Sales Associates who take vacation, sick/personal, or holiday time are expected to meet the requirements of the program. We allow for sales associates to miss two pay periods (or 4 weeks) each quarter to accommodate such situations as, time off.



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POLO 00434

Comp. Amendment 07

FISCAL 2007 COMPENSATION UPDATE**CONCEPT STORE COMPENSATION**

Coinciding with the start of Fiscal 2007, we would like to offer a 'base plus' compensation option for several of our stores. These stores are; Dallas NorthPark, Dallas West Village, San Antonio, Burlingame, Chicago-Northbrook and Minneapolis. In these locations all current associates will have the option to switch from their current compensation agreement to this new plan. However, all new hires will start with this plan. The intention of this plan is to recruit and retain associates by providing them with an easier avenue to earn commission and further develop as sales professionals at our stores.

The Plan:

- Base plus Commission paid on a bi-weekly basis
- Rates:
 - \$9/hr + 3% (10.15 in CA) through \$400K in sales
 - \$10/hr + 4% (10.15 in CA) from \$400K to \$600K in sales
 - \$11/hr + 5% from all performance above \$600K in sales
- Current Associates will move onto this plan based upon trend and FY06 performance
- New Hires will start at \$9/hr + 3% unless specific approval is given from HR and your Regional Manager.

Performance Management:

- Remains a key component of this plan; however, in this program the manager will be responsible for making sure associates meet sales expectations.
- Due to the structure of the plan, store operations will no longer be able to define minimum sales goals each pay period.
- The Compensation grid provides hourly minimums at each level of pay
- Managers must set goals for the associate which be adhered to and reviewed on a regular basis
- Associates should be put on warning after consecutive misses (on a bi-weekly basis) to these sales goals.
 - Store Operations and HR will assist in identifying poor performers
 - We will expect that managers thoroughly review associates every six months

Paperwork:

- Associates are to be switched onto this program effective 4/9/06, which is the first full pay period of Fiscal 2007
- PAF's must be submitted, as soon as possible, however, no later than 4/13/06

Notes:

- Associates on this program must not work more than 40 hours in a given week
 - Due to the structure associates would be eligible for OT pay (1.5 times) if this is not adhered to
 - OT pay is not to be shared with the associate at this time
- Should associates switch onto the program and then seek to switch back (to base against), it will require HR and Regional Manager approval.

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